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ANNUAL REPORT TO STOCKHOLDERS



1937

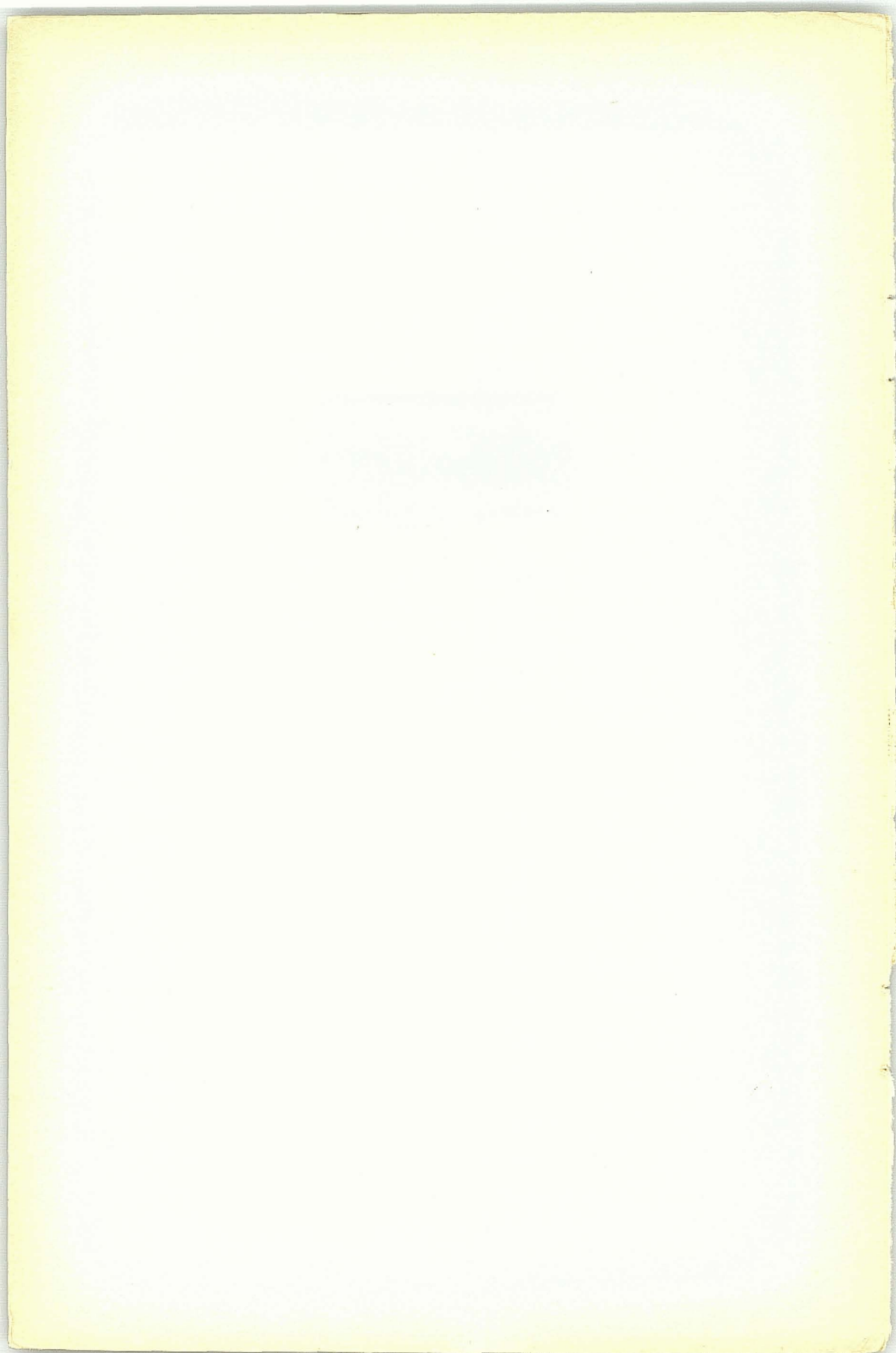
THE COCA-COLA COMPANY

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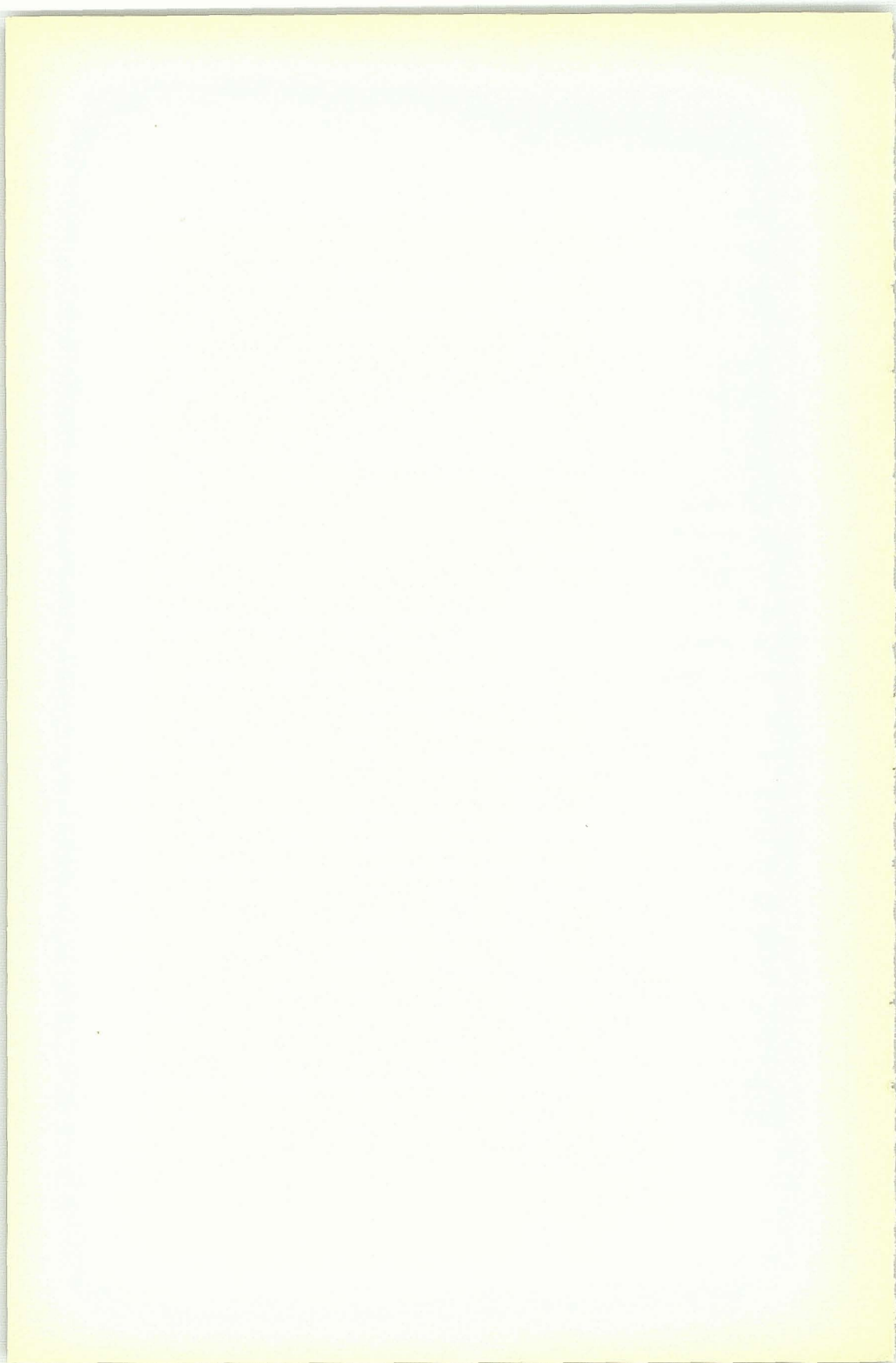


ANNUAL REPORT
THE COCA-COLA COMPANY
AND ITS SUBSIDIARIES

✱

FOR THE YEAR
1937

APRIL 2, 1938



THE COCA-COLA COMPANY

WILMINGTON, DELAWARE

TO THE STOCKHOLDERS OF
THE COCA-COLA COMPANY:

The consolidated balance sheet and statement of operations of THE COCA-COLA COMPANY and its subsidiaries for the year 1937 are submitted herewith. Net earnings applicable to common stock after taxes, Class "A" dividends, additions to reserves and all charges, were \$22,881,616.31.

Manufacturing facilities have been substantially increased and this program of expansion is being continued.

Inventories and commitments provide reasonable coverage of raw materials at relatively favorable prices.

The Company has disposed of the assets of the Crystal Carbonic Laboratory, a subsidiary manufacturing carbonic acid gas.

Substantial improvement in our domestic business and encouraging progress in other countries make it possible to report again the widest distribution and largest public acceptance of COCA-COLA in its history.

Respectfully submitted,

R. W. WOODRUFF,

President.

April 2, 1938.

CONSOLIDATED BALANCE SHEET THE COCA-COLA COMPANY AND ITS SUBSIDIARIES

December 31, 1933

ASSETS

CURRENT

Cash on deposit and placed on call . . .	\$ 9,037,249.84	
Government securities — At cost		
United States and Foreign—(Market value \$3,094,549.42)	3,094,084.96	
Accounts receivable—trade (Less reserve of \$57,980.69)	2,316,362.93	
Inventory—Merchandise including sugar stored in bonded warehouses—(Priced at lower of cost or market)	17,918,859.18	\$32,366,556.91

INVESTMENTS AND OTHER ASSETS

Securities of affiliated Companies not consolidated—at cost	\$ 92,750.00	
Accounts due from affiliated Companies not consolidated	396,556.10	
Other investments—at cost—(Market value \$1,833,205.00)	659,792.35	
Miscellaneous other notes and accounts receivable	571,094.40	1,720,192.85

PROPERTY, PLANT AND EQUIPMENT—At cost

Land	\$ 1,695,309.34	
Buildings	7,497,413.04	
Machinery and equipment	4,547,601.56	
Containers	1,891,127.29	
	<u>\$15,631,451.23</u>	
Less reserve for depreciation	4,622,352.06	11,009,099.17

FORMULAE, TRADE-MARK AND GOODWILL—

At cost	30,559,250.23	
DEFERRED CHARGES	639,992.36	
	<u>\$76,295,091.52</u>	

BALANCE SHEET

S WHOLLY OWNED SUBSIDIARIES

31, 1937

LIABILITIES

CURRENT

Accounts payable	\$ 2,756,836.15	
Accrued expenses	28,709.67	
Accrued taxes—including income and capital stock taxes	6,373,444.08	\$ 9,158,989.90

RESERVE

For contingencies and miscellaneous operations	11,397,989.92
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CAPITAL STOCK

Class "A"—No par value:

\$3.00 preference dividend cumulative,
callable at \$52.50 per share.

Authorized and originally

issued 1,000,000 shares

Less retired . . . 400,000 shares

Issued and out-
standing . . . 600,000 shares \$ 3,000,000.00

Common—No par value:

Authorized and
issued 4,000,000 shares 25,000,000.00

\$28,000,000.00

SURPLUS—Earned 27,927,644.76

\$55,927,644.76

Less common stock owned by

Company—at cost—8,100 shares . . . 189,533.06 55,738,111.70

\$76,295,091.52

CONSOLIDATED STATEMENT OF INCOME AND EXPENSE
THE COCA-COLA COMPANY AND ITS WHOLLY OWNED SUBSIDIARIES
Year Ended December 31, 1937

GROSS PROFIT		\$47,141,414.32
EXPENSES		
Selling, branch, administrative and general		15,814,200.08
OPERATING PROFIT		<u>\$31,327,214.24</u>
Other deductions	\$ 1,957,065.84	
Less other income	721,467.91	1,235,597.93
PROFIT BEFORE TAXES ON INCOME		<u>\$30,091,616.31</u>
Provision for taxes on income (including \$270,000.00 surtax on undistributed profits)		5,410,000.00
NET PROFIT		<u><u>\$24,681,616.31</u></u>

NOTE—Provision of \$744,826.93 for depreciation was charged to manufacturing and other expenses. Other deductions include interest paid, \$18,783.05, and additions of \$1,254,382.92 to reserve for contingencies and miscellaneous operations.

CONSOLIDATED SURPLUS ACCOUNT

BALANCE—December 31, 1936	\$23,009,578.45
Net Profit for year ended December 31, 1937	24,681,616.31
	<u>\$47,691,194.76</u>

DEDUCTIONS		
Dividends paid in cash:		
CLASS "A":		
June 30, 1937—\$1.50 per share	\$ 900,000.00	
Dec. 13, 1937—\$1.50 per share	900,000.00	\$ 1,800,000.00
COMMON:		
Mar. 31, 1937—\$0.50 per share	\$ 2,000,000.00	
June 30, 1937—\$0.50 per share	2,000,000.00	
Sept. 30, 1937—\$0.75 per share	3,000,000.00	
Dec. 13, 1937—\$0.75 per share		
plus \$2.00 per share extra	11,000,000.00	
	<u>\$18,000,000.00</u>	
Less dividends on stock owned by Company	36,450.00	17,963,550.00
TOTAL DIVIDENDS PAID		<u>19,763,550.00</u>
SURPLUS—DECEMBER 31, 1937		<u><u>\$27,927,644.76</u></u>

ERNST & ERNST

ACCOUNTANTS AND AUDITORS
SYSTEM SERVICE

THE COCA-COLA COMPANY,
Wilmington, Delaware.

We have made an examination of the consolidated balance sheet of THE COCA-COLA COMPANY and its wholly owned subsidiaries as at December 31, 1937, and of the consolidated statements of income and surplus for the year ended that date. In connection therewith we examined or tested accounting records of the Company and of its domestic subsidiaries, together with other supporting evidence, and obtained information and explanations from officers and employees of these Companies; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of the transactions.

Statements were furnished us for the foreign subsidiaries certified by other independent auditors. Assets and liabilities in Canada and Cuba are stated, respectively, on a dollar for dollar, and a dollar for peso basis. Current assets and current liabilities of other foreign subsidiaries as at November 30, 1937, the close of their fiscal year, have been converted and are stated in the balance sheet at rates of exchange prevailing at that date, the fixed assets being converted at the rates in effect on the dates such assets were acquired.

In our opinion, based upon our examination and the statements of foreign subsidiaries above referred to, the accompanying consolidated balance sheet and related consolidated statements of income and surplus fairly present the consolidated financial position of the Company and its subsidiaries at December 31, 1937, and the consolidated results of operations for the year ended at that date. Further, it is our opinion that the statements have been prepared in accordance with accepted principles of accounting, and on a basis consistent with the preceding year.

ERNST & ERNST.

February 28, 1938.

THE COCA-COLA COMPANY

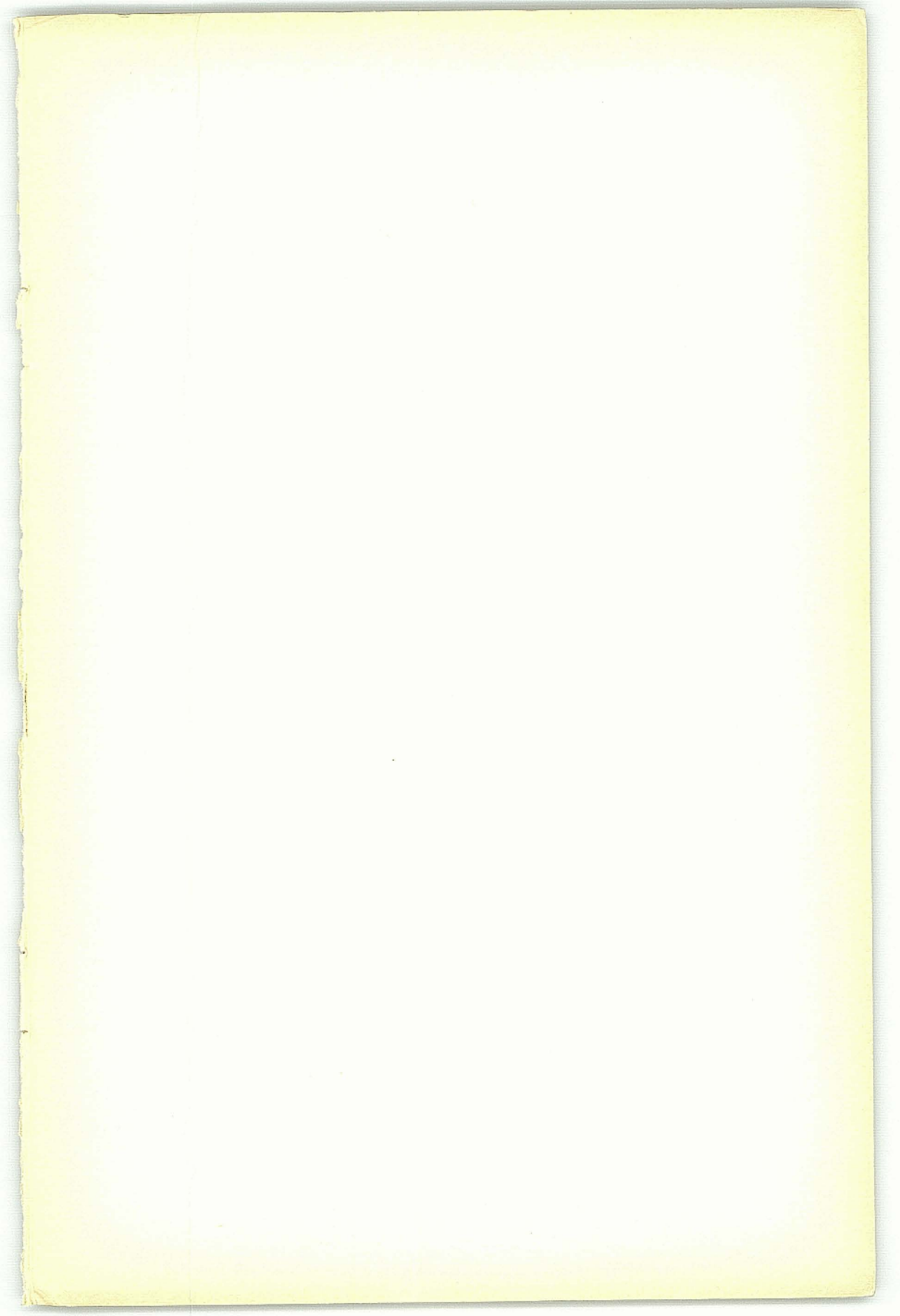
DIRECTORS	W. C. BRADLEY	<i>Columbus, Ga.</i>
	J. B. CAMPBELL	<i>Atlanta, Ga.</i>
	C. H. CANDLER	<i>Atlanta, Ga.</i>
	W. C. D'ARCY	<i>St. Louis, Mo.</i>
	S. C. DOBBS	<i>Atlanta, Ga.</i>
	MRS. LETTIE P. EVANS	<i>Hot Springs, Va.</i>
	EDWARD FINLAY	<i>Chattanooga, Tenn.</i>
	T. K. GLENN	<i>Atlanta, Ga.</i>
	HAROLD HIRSCH	<i>Atlanta, Ga.</i>
	J. P. ILLGES	<i>Columbus, Ga.</i>
	WINSHIP NUNNALLY	<i>Charlottesville, Va.</i>
	C. J. ROOT	<i>Terre Haute, Ind.</i>
	E. W. STETSON	<i>Greens Farms, Conn.</i>
	WALTER C. TEAGLE	<i>New York, N. Y.</i>
	D. A. TURNER	<i>Columbus, Ga.</i>
	C. A. WICKERSHAM	<i>Atlanta, Ga.</i>
	GEO. W. WOODRUFF	<i>Daytona Beach, Fla.</i>
	R. W. WOODRUFF	<i>Wilmington, Del.</i>

LINDSEY HOPKINS (Deceased)

EXECUTIVE	W. C. BRADLEY	J. B. CAMPBELL	C. H. CANDLER
COMMITTEE	W. C. D'ARCY	T. K. GLENN	E. W. STETSON
	GEO. W. WOODRUFF	R. W. WOODRUFF	

TRANSFER	WILMINGTON TRUST COMPANY . . .	<i>Wilmington, Delaware</i>
AGENTS	GUARANTY TRUST COMPANY OF NEW YORK .	<i>New York, N. Y.</i>

REGISTRARS	EQUITABLE TRUST COMPANY	<i>Wilmington, Delaware</i>
	CHASE NATIONAL BANK	<i>New York, N. Y.</i>



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